# SEATTLE OFFICE MARKET

## Yardi<sup>®</sup> Matrix

### **Market Analysis**

Second Quarter 2018

Contacts

#### Jeff Adler

Vice President & General Manager of Yardi Matrix Jeff.Adler@Yardi.com (800) 866-1124 x2403

#### Jack Kern

Director of Research and Publications Jack.Kern@Yardi.com (800) 866-1124 x2444

#### Chris Nebenzahl

Institutional Research Manager Chris.Nebenzahl@Yardi.com (800) 866-1124 x2200

#### Veronica Grecu

Senior Real Estate Market Analyst Veronica.Grecu@Yardi.com (306) 955-1855 x7583

#### Author

### Corina Stef

Associate Editor Corina.Stef@Yardi.com

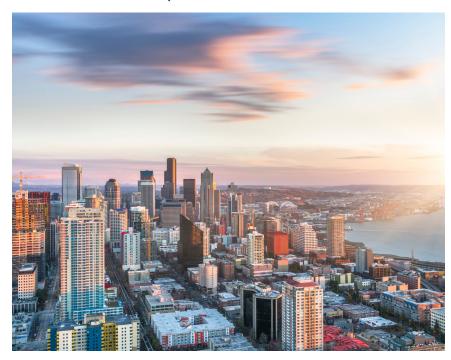
Aggregated and anonymized expense and lease expiration data is available to Yardi Matrix subscribers. Please contact us for details!

### For more information please contact:

#### Ron Brock, Jr.

Industry Principal, Matrix JR.Brock@Yardi.com (480) 663-1149 x2404

# Emerald City Shines On



A continued influx of tech companies, strong population gains, increased wages, deep talent pool and record-low unemployment rates fuel **Seattle's boomtown status**. But being one of the fastest-growing major metros in the U.S. has its own challenges.

On the upside, the metro's office-using employment has continued its robust improvement of recent years as growth on the national level has cooled. That has fueled exceptionally strong demand for space that has made the metro one of the fastest-growing office markets in the country. Seattle is home to **31 Fortune 500 companies** and continues to be a mecca for startups, as the sprouting coworking culture allows them to coexist side by side with major players in the market such as Google, Facebook, Airbnb, Uber and Snap.

The success is creating challenges, including high growth in rents. Tenants are willing to pay extra for amenitized space in premier urban locations with traffic accessibility—even a skyrocketing \$40.17 per square foot for Class A assets. Another issue is the lack of quality space, despite a record-breaking boom in office development and 5.9 million square feet under construction as of May. Corporate giants like Amazon take up so much space in some submarkets—Lake Union, for instance—that there isn't room for firms that want be be there.

What's more, large businesses have had to fight off higher taxes from the city government, which is trying to solve the growing lack of affordable housing for workers.